

REPORT SUMMARY

Department of Labor and Industry

This report documents 13 recommendations made as a result of issues noted during our financial-compliance audit of the Department of Labor and Industry (department) for the two fiscal years ended June 30, 2007. The previous audit report contained six recommendations.

We issued an unqualified opinion on the financial schedules presented in this report. This means the reader can rely on the presented financial information and the supporting detailed information on the primary accounting records.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the department implement adequate controls in its Unemployment Insurance tax collection and deposit process.....8

Department Response: Concur..... B-4

Recommendation #2

We recommend the department implement adequate controls for its deposit and reconciliation processes at the Business Standards Division. 10

Department Response: Concur..... B-4

Recommendation #3

We recommend the department implement computer access controls to limit license printing capability based on board assignments..... 10

Department Response: Concur..... B-4

Recommendation #4

We recommend the department establish controls for central purchases and for Workforce Investment Act contracts to ensure compliance with federal regulations related to suspension and debarment..... 12

Department Response: Concur..... B-4

Recommendation #5

We recommend the department establish written control procedures related to the Unemployment Insurance rate setting process to ensure compliance with state and federal law regarding cut-off points. 14

Department Response: Concur..... B-4

Recommendation #6

We recommend the department:

- A. Continue to enhance compliance with state law related to excess annual leave.
- B. Charge only allowable leave costs to federal programs. 15

Department Response: Concur B-5

Recommendation #7

We recommend the department comply with state law related to surcharge and assessments calculations. 16

Department Response: Concur B-5

Recommendation #8

We recommend the department:

- A. Comply with state law related to Board of Pharmacy fees and Building Codes Program fines.
- B. Refund the amounts collected by the Board of Pharmacy and Building Codes Program in excess of existing statutory authority..... 16

Department Response: Concur B-5

Recommendation #9

We recommend the department classify revenue based on state accounting policy. 18

Department Response: Concur B-5

Recommendation #10

We recommend the department record surcharge revenue when it meets the recognition criteria as required by state policy. 19

Department Response: Concur B-5

Recommendation #11

We recommend the department improve its subrecipient monitoring to ensure compliance with federal cash management regulations. 20

Department Response: Concur B-6

Recommendation #12

We recommend the department submit applications in compliance with state law and monitor its subrecipients as required by federal regulations. 21

Department Response: Concur B-6

Recommendation #13

We recommend the department comply with state laws discussed in Table 6. 23

Department Response: Concur B-6